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UNCLAS TEGUCIGALPA 001565

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SUBJECT: MEDIA REACTION ON CAFTA, JULY 28, 2005

1. On 07/28 the Tegucigalpa-based liberal daily "La Tribuna" published an op-ed by Segisfredo Infante entitled "Lack of Productivity versus FTA." "The Economic capacity of Honduras is so small that it runs the risk of appearing ridiculous when compared to the growing possibilities of an intense international market free of trade tariffs."

"Nobody ignores the fact that the American production capacity is gigantic and that our national capacity to compete is pretty much microscopic. However, a tropical country such as ours has the potential for agricultural production and exports that the United States will never have. This opens the possibility of creating or discovering some niches for new markets, which pragmatically we Hondurans will have to identify."

"I am very familiar with the intensive work of the negotiating group of the ex-Minister Norman Garcia, who was kind enough to give me the two gigantic volumes of the 'Free Trade Agreement' as gifts. I dare say that the normative work represents 85% of the efforts of Honduran and Costa Rican negotiators and perhaps a little less by the Guatemalans, Salvadorans, and Nicaraguans. However, the legal framework will never resolve the issue of the enormous discrepancies derived from the lack of productivity of our society. For this reason, I have always talked about the positive and negative aspects of a 'free' market removed from the structural realities of Honduras. In any case, this will continue to be an issue for Hondurans and sometime in the future one for North Americans. We will then continue to have a national problem for a long time."

Tuebner